

Disciplinary and Other FINRA Actions

Firm Expelled, Individual Sanctioned

Costa Financial Securities, Inc., (CRD #45039, Boca Raton, Florida) and Andrew Grigsby Costa (CRD #1600926, Registered Principal, Fort Lauderdale, Florida) submitted a Letter of Acceptance, Waiver and Consent in which the firm was expelled from FINRA membership and Costa was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, the firm and Costa consented to the described sanctions and to the entry of findings that they failed to respond to FINRA requests for documents and information. **(FINRA Case #2007011553501)**

Firm Suspended, Individual Sanctioned

CMG Institutional Trading, LLC (CRD #47264, Chicago, Illinois) and Shawn Derrick Baldwin (CRD #4281564, Registered Principal, Chicago, Illinois) were fined \$25,000 jointly and severally. The firm was suspended in all capacities for two years and Baldwin was suspended from association with any FINRA member in any capacity for two years. The National Adjudicatory Council (NAC) imposed the sanctions following appeal of an Office of Hearing Officers (OHO) decision. The sanctions were based on findings that the firm and Baldwin failed to respond completely to FINRA requests for information.

This decision has been appealed to the Securities and Exchange Commission (SEC), and the sanctions are not in effect pending consideration of the appeal. **(FINRA Case #E8A2005025201)**

Firms Fined, Individuals Sanctioned

Leonard & Company (CRD #36527, Troy, Michigan) and James Sylvester Currier (CRD #2070654, Registered Principal, Bloomfield Hills, Michigan) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$100,000. Currier was suspended from association with any FINRA member in any principal capacity for 10 business days. Without admitting or denying the findings, the firm and Currier consented to the described sanctions and to the entry of findings that the firm engaged in a private placement self-offering of unregistered preferred shares the firm issued, pursuant to private placement memoranda (PPM), to public customers; but the offerings failed to qualify for the intra-state exemption from registration because on many occasions, the firm sold shares to investors who lived out of state. The findings stated that the offerings failed to qualify for a Regulation D exemption because shares were sold to non-accredited investors without providing them with financial information, which is required under SEC Rule 502. The findings also stated that the firm, acting through Currier, failed to disclose in the

Reported for May 2008

FINRA® has taken disciplinary actions against the following firms and individuals for violations of NASD Rules; federal securities laws, rules and regulations; and the rules of the Municipal Securities Rulemaking Board (MSRB).

PPMs that remuneration in the form of finder's fees was being paid to the firm's registered representatives in connection with the sale of preferred shares. The findings also included that the firm, acting through Currier, failed to disclose in the PPMs that proceeds would be used to retire debt related to operating expenses, and omitted and negligently misrepresented to the customers that the firm's cash flow was sufficient to meet its operating expenses.

FINRA found that the firm, acting through Currier, negligently misrepresented a material aspect of the firm's financial condition in that the PPMs failed to disclose the parent company's financial condition. FINRA also found that the firm did not qualify for a claimed exemption under NASD Rule 2710 and failed to submit any documentation about the public offering of the preferred shares to FINRA prior to their sales. In addition, FINRA determined that the firm made no written disclosure in the PPMs of conflicts of interest and other information. Furthermore, FINRA found that the firm failed to obtain and retain subscription agreements with regard to the sale of the preferred shares. Moreover, the findings stated that the firm, acting through Currier, failed to maintain a reasonable supervisory system and failed to develop reasonable written supervisory procedures relating to the creation and development of PPM and the training of representatives who solicited potential investors and sold them shares of the private offering.

The suspension in a principal capacity was in effect from April 21, 2008, through May 2, 2008. (FINRA Case #E8A2005012902)

Newbridge Securities Corporation (CRD #104065, Fort Lauderdale, Florida), Kenneth Brown (CRD #1325762, Registered Principal, Coral Springs, Florida) and Eric Manuel Vallejo (CRD #1754908, Registered Principal, Hollywood, Florida) submitted a Letter of Acceptance, Waiver and Consent in which the firm was fined \$177,500, \$10,000 of which was jointly and severally with Brown and \$10,000 was jointly and severally with Vallejo. The firm was ordered to pay \$61,416.35, plus interest, in restitution to public customers, and consented to a one-year pre-use filing requirement with FINRA for all customer advertisements and sales literature relating to seminars the firm and/or its representatives offer. Brown and Vallejo were each suspended from association with any FINRA member in any principal capacity for 15 days.

Without admitting or denying the findings, the firm, Brown and Vallejo consented to the described sanctions and to the entry of findings that the firm charged excessive markups/markdowns totaling \$66,019.48 on customer stock transactions, and the firm, acting through Vallejo, failed to reasonably supervise the markups/markdowns charged in stock transactions to ensure that they were not excessive and failed to follow its written supervisory procedures regarding markups/markdowns. The findings stated that the firm failed to develop and implement a written anti-money laundering (AML) program reasonably designed to achieve and monitor its compliance with the requirements of the Bank Secrecy Act and the regulations promulgated thereunder. The findings also stated that the firm failed to timely report customer complaints within the time frame NASD Rule 3070 specified. The findings also included that the firm, acting through Brown, approved the use of variable annuity seminar materials that contained misleading statements, material omissions and inadequate risk disclosures, and Brown failed to file the materials with FINRA.

FINRA found that the firm failed to establish and maintain a supervisory system reasonably designed to achieve compliance with applicable rules and regulations in the following areas: markups/markdowns, AML requirements, customer sellouts and instant message correspondence. FINRA also found that the firm, acting through Brown, failed to establish and maintain a supervisory system reasonably designed to ensure that the firm's practice of paying trading credits to registered representatives as extra compensation in connection with the sales of certain stocks did not result in sales practice problems. In addition, FINRA determined that the firm failed to enforce its written supervisory procedures with regard to internal disciplinary actions against registered representatives with patterns of Regulation T violations, restricted/watch list procedures, prospective registered representative screening procedures, procedures related to special supervision of registered representatives and enforcement of margin account restrictions placed on representatives. Moreover, the findings stated that the firm failed to file an application for approval of a material change in business activity, failed to implement an adequate supervisory system to ensure compliance with NASD Rule 1017 and failed to register one of its offices as a branch office.

Brown's and Vallejo's suspensions in any principal capacity were in effect from April 7, 2008, through April 21, 2008. **(FINRA Case #E072003019507)**

VSR Financial Services, Inc. (CRD #14503, Overland Park, Kansas), Robert Francis Monckton Jr. (CRD #2820308, Registered Principal, Overland Park, Kansas) and Michael Hardwicke Lewis Sr. (CRD #1688042, Registered Representative, Baton Rouge, Louisiana) submitted Letters of Acceptance, Waiver and Consent in which the firm was censured and fined \$20,000, jointly and severally with Monckton. Monckton was suspended from association with any FINRA member in any principal capacity for 10 business days. Lewis was fined \$5,000, suspended from association with any FINRA member in any capacity for 30 business days and required to provide satisfactory proof to FINRA that a promissory note payable to VSR Financial Services has been paid in full upon his submission of a Uniform Application for Securities Industry Registration or Transfer (Form U4) for employment or association with a member firm. Lewis' fine must be paid either immediately upon his reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier.

Without admitting or denying the findings, the firm, Monckton and Lewis consented to the described sanctions and to the entry of findings that Lewis recommended the purchase of Class B shares of mutual funds in particular mutual fund families to public customers when the customers had already invested more than \$1 million in that family and could have purchased Class A shares with no front-end load, avoided higher annual 12b-1 fees and contingent deferred sales charges if the Class B shares had been sold within eight years. The findings stated that Lewis did not have reasonable grounds to believe his recommendations were suitable for the customers. The findings also stated that Lewis recommended and executed purchases of Class A shares of mutual funds for a public customer, and failed to obtain the correct breakpoints on the purchases for the customer and therefore did not have reasonable grounds for believing his recommendations were suitable. The findings also included that the firm and Monckton failed to supervise Lewis in a manner reasonably calculated to prevent his misconduct regarding unsuitable recommendations and breakpoints.

Monckton's suspension in any principal capacity was in effect from April 7, 2008, through April 18, 2008. Lewis' suspension in any capacity was in effect from March 17, 2008, through April 28, 2008. (FINRA Cases #20060039822-01/20060039822-02)

Firms Fined

A.G. Edwards & Sons, Inc. (CRD #4, St. Louis, Missouri) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it sold corporate bonds to customers and failed to sell the bonds at a price that was fair, taking into consideration all relevant circumstances including market conditions with respect to each bond at the time of the transaction, the expense involved and that the firm was entitled to a profit. The findings stated that the firm purchased municipal securities for its own account from customers and/or sold municipal securities for its own account to customers at an aggregate price (including any markdown or markup) that was not fair and reasonable, taking into consideration all relevant factors including the best judgment of the broker, dealer or municipal securities dealer as to the fair market value of the securities at the time of transactions and of any securities exchanged or traded in connection with the transactions, the expense involved in effecting the transactions, the fact that the broker, dealer or municipal securities dealer is entitled to a profit, and the total dollar amount of the transactions. (FINRA Case #20050004740-01).

Bishop, Rosen & Co., Inc. (CRD #1248, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$20,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it charged unreasonable and excessive commissions on numerous options transactions. The findings stated that the excessive commissions charged ranged to as much as 128 percent and resulted in \$22,739.72 in excessive charges to public customers. (FINRA Case #E102005004901)

Butler, Wick & Co., Inc. (CRD #120, Youngstown, Ohio) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$29,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it acted as an underwriter and failed to file advance refunding documents and Municipal Securities Rulemaking Board (MSRB) Forms G-36 Advanced Refunding Document (ARD)) with the MSRB. The findings stated that the firm failed to file timely the final official statement and MSRB Form G-36 Official Statement (OS) for one issue and filed other Forms G-36(OS) inaccurately with the MSRB. The findings also stated that the firm failed to list new issues for which it acted as an underwriter on the appropriate Form G-37/G-38 with the MSRB, and failed to file a quarterly report in a timely manner. The findings also included that the firm failed to enforce its written supervisory procedures related to the submission of Forms G-36 and Forms G-37/G-38 to the MSRB. (FINRA Case #2007007328301)

Electronic Brokerage Systems, LLC (CRD #104031, Chicago, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$22,500 and required to revise its written supervisory procedures regarding SEC Rules 203(a) (long sales), 203(b)(1) (locate requirements) and 203(b)(3) (threshold securities), NASD Rule 5100 and NASDAQ Rule 3350. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it accepted short sale orders in equity securities from another person, or effected a short sale in an equity security for its own account without borrowing the security or entering into a bona fide arrangement to borrow the security; or having reasonable grounds to believe that the security could be borrowed so that it could be delivered on the date delivery is due; and without documenting compliance with SEC Rule 203(b)(1) of Regulation SHO. The findings stated that the firm failed to report to the Trade Reporting Facility (TRF) the correct symbol indicating whether transactions were buy, sell, sell short, sell short exempt or cross for transactions in reportable securities. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and NASD rules concerning SEC Rules 203(a) (long sales), 203(b)(1) (locate requirements) and 203(b)(3) (threshold securities), NASD Rule 5100 and NASDAQ Rule 3350. The findings also included that the firm failed to provide documentary evidence that it performed the supervisory reviews set forth in its written supervisory procedures concerning the requirements of SEC Rule 200(g) (order marking) and NASD Rule 6130(d)(6). (FINRA Case #20060059948-01)

Empire Financial Group, Inc. (CRD #28759, Longwood, Florida) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$70,000, ordered to pay \$3,042.10, plus interest, in restitution to customers and ordered to revise its written supervisory procedures concerning SEC Rule 604 and trade reporting. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to immediately display customer limit orders in NASDAQ securities in its public quotation, when each order was at a price that would have improved the firm's bid or offer in each security; or when the order was priced equal to the firm's bid or offer and the national best bid or offer for each security, and the size of the order represented more than a de minimis change in relation to the size associated with the firm's bid or offer in each security. The findings stated that the firm failed, within 90 seconds after execution, to transmit to the OTC Reporting Facility last sale reports of transactions in OTC equity securities and failed to designate some sale reports as late. The findings also stated that in transactions for or with a customer, the firm failed to use reasonable diligence to ascertain the best inter-dealer market, and failed to buy or sell in such market so that the resultant price to its customers was as favorable as possible under prevailing market conditions. The findings also included that the firm executed short sale orders and failed to properly mark the orders as short; failed to provide written notification disclosing to its customers its correct capacity in transactions and, when it acted as principal for its own account, failed to provide written notification disclosing to its customers that it was a market maker in each security.

FINRA found that the firm failed, within 90 seconds after execution, to transmit to NASDAQ last sale reports of transactions in eligible securities; failed to report to the appropriate TRF the correct symbol indicating whether the firm executed transactions in reportable securities in a principal, riskless principal or agency capacity; incorrectly designated as “.PRP” to NASDAQ last sale reports of transactions in eligible securities; when it acted as principal for its own account, disclosed its compensation as a commission instead of a commission equivalent. FINRA also found that the firm’s supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and NASD rules concerning SEC Rule 604 and trade reporting. **(FINRA Case #20050001158-01)**

Global Crown Capital, LLC (CRD #16761, San Francisco, California) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$20,000, \$2,500 of which was jointly and severally with an individual. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it conducted a securities business, utilizing the means and instrumentalities of interstate commerce, while failing to maintain the minimum net capital required by SEC Rule 15c3-1. The findings stated that the firm failed to adopt and implement written supervisory procedures reasonably designed to achieve compliance with NASD Rule 2711 as it pertains to personal trading by research analysts, accurately identifying research publications as reports subject to that rule, disclosures in research reports and the qualifications of persons who supervised research analysts and the preparation of research reports. The findings also stated that the firm maintained a materially inaccurate Uniform Application for Broker-Dealer Registration (Form BD) in that it represented that a family trust established by a principal of the firm was a firm owner when the trust had no ownership interest. **(FINRA Case #20060037540-01)**

HSBC Securities (USA) Inc. (CRD #19585, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$12,500. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report to the Trade Reporting and Compliance Engine (TRACE) transactions in TRACE-eligible securities executed on a business day during TRACE system hours within 15 minutes of execution time. The findings stated that the firm failed to report the correct time of trade execution for TRACE-eligible securities and failed to show the correct time of execution on order memoranda in TRACE-eligible securities. **(FINRA Case #20060059732-01)**

Kershner Trading Group, LLC (CRD #16908, Austin, Texas) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it allowed registered representatives to conduct a securities business while their registrations were deemed inactive due to their failure to timely complete the Regulatory Element of the Continuing Education requirement. **(FINRA Case #2007007163501)**

Lavaflow, Inc. fka Ontrade, Inc. (CRD #120444, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$10,000 and required to revise its written supervisory procedures regarding the Order Audit Trail System (OATS). Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it reported Route or Combined Order/Route Reports to OATS that the OATS system was unable to link to the related order routed to SuperMontage due to inaccurate, incomplete or improperly formatted data. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and NASD rules concerning OATS. **(FINRA Case #20060046156-01)**

Leonard & Company (CRD #36527, Troy, Michigan) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$25,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that in connection with the sale of unregistered promissory notes, it was unable to establish that the sale of the notes qualified for any exemption from registration. The findings stated that the firm failed to submit any documentation about the public offering of the unregistered promissory notes to FINRA prior to their sale, and made no written disclosures to the purchasers of the conflict of interest in the offering of unregistered promissory notes prior to their purchase. **(FINRA Case #E8A2005012903)**

Leonard & Company (CRD #36527, Troy, Michigan) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$65,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to disclose on order memoranda the execution time in inter-dealer municipal debt securities transactions, and the receipt time and execution time in other customer transactions for municipal debt securities. The findings stated that the firm failed to include an execution time on customer order memoranda regarding corporate debt securities. The findings also stated that the firm failed to maintain all of the required information for customer accounts and failed to retain email communication registered representatives sent and/or received. The findings also included that the firm failed to comply with the terms of its membership agreement in that it opened branch offices while failing to obtain prior approval from FINRA because of its material change in business operations. FINRA found that the firm failed to establish and maintain a system to supervise each registered representative's activities reasonably designed to achieve compliance with applicable securities laws and NASD rules, in that the firm failed to have a supervisory system designed to ensure that its offices were registered as branch offices. FINRA also found that the firm failed to report a reportable event within 10 business days after it knew, or should have known, of the existence of disciplinary action it was taking against an individual. In addition, FINRA found that the firm failed to timely file amended Forms U4 and Uniform Termination Notices for Securities Industry Registration (Forms U5). **(FINRA Case #E8A2005012904)**

Piper Jaffray & Co. (CRD #665, Minneapolis, Minnesota) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$25,000 and ordered to disgorge profits of \$260,157.89 in prohibited municipal underwritings. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it engaged in municipal securities business within two years of political contributions made by a municipal finance professional of the firm to an official of the securities issuer, and received \$260,157.89 in management fees and designation fees in connection with the prohibited underwritings. The findings stated that the firm failed to have a supervisory system to adequately monitor the political contributions of its municipal finance professionals to ensure compliance with MSRB rules. **(FINRA Case #E0420050081-01)**

SG Americas Securities, LLC (CRD #128351, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$175,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it distributed research reports and research notes/updates to its U.S. institutional customers that its non-member foreign affiliates prepared and failed to determine whether disclosures were required. The findings stated that a qualified individual did not review any of the reports prior to their distribution to U.S. customers. The findings also stated that by displaying the firm logo, the research reports inaccurately represented that the firm's U.S. member affiliate had produced them. The findings also included that the firm failed to detect and correct the inaccurate representation as to the source of the research reports in a timely manner, and failed to establish, maintain and enforce a supervisory system reasonably designed to achieve compliance with applicable NASD disclosure and communication rules. **(FINRA Case #20070095217)**

Southwest Securities, Inc. (CRD #6220, Dallas, Texas) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$67,500 and required to revise its supervisory procedures regarding timely reporting of municipal securities transactions. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to preserve brokerage order memoranda for a period of not less than three years, the first two in an accessible place; and failed to show the execution date, the execution time, the time of entry and/or the terms and conditions of each order on some of the order memoranda. The findings stated that in transactions for or with a customer, the firm failed to use reasonable diligence to ascertain the best inter-dealer market and failed to buy or sell in such market so that the resultant prices to its customers were as favorable as possible under prevailing market conditions. The findings also stated that the firm failed to report the correct trade execution time for transactions in TRACE-eligible securities to TRACE, and failed to report transactions in TRACE-eligible securities executed on a business day during TRACE system hours to TRACE within 30 minutes of execution time. The findings also included that the firm failed to report information regarding purchase and sale transactions in municipal securities to the Real-time Transaction Reporting System (RTRS) in the manner prescribed by Rule G-14 RTRS Procedures and the RTRS Users Manual, because it failed to report information about transactions within 15 minutes of trade time to an RTRS Portal. FINRA found that the

firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and MSRB rules concerning timely reporting of municipal securities transactions. **(FINRA Case #20050000962-01)**

Individuals Barred or Suspended

Larry Chaluru Ajedewe (CRD #4166261, Registered Principal, Yonkers, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 30 days. The fine must be paid either immediately upon Ajedewe's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Ajedewe consented to the described sanctions and to the entry of findings that he borrowed \$1,500 from a public customer without notifying or receiving approval from his member firm regarding the loan and in contravention of the firm's compliance manual prohibiting registered representatives from borrowing money from customers.

The suspension in any capacity is in effect from April 21, 2008, through May 20, 2008. **(FINRA Case #2007011355801)**

Virginia Eberly Ali (CRD #5205635, Registered Representative, Ft. Myers, Florida) submitted a Letter of Acceptance, Waiver and Consent in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Ali consented to the described sanction and to the entry of findings that she falsified customers' signatures on insurance application forms authorizing an insurance company to convert their term-life policies to whole-life policies. The findings stated that the customers had not authorized the conversions and had not authorized Ali to sign on their behalf. **(FINRA Case #2007008269901)**

Nicole Yvette Allen (CRD #3075257, Registered Representative, Dallas, Texas) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Allen failed to respond to FINRA requests for information. The findings stated that Allen engaged in a private securities transaction without providing prior written notice to her member firm. **(FINRA Case #2006005891201)**

Lori Jean Barnes (CRD #3032726, Registered Representative, Greenfield, Indiana) submitted a Letter of Acceptance, Waiver and Consent in which she was fined \$5,000 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Barnes consented to the described sanctions and to the entry of findings that she implemented a covered call writing strategy and used her discretion to effectuate securities transactions in a public customer's account without the customer's prior written authorization and her member firm's written acceptance.

The suspension in any capacity was in effect from April 7, 2008, through April 18, 2008. **(FINRA Case #2005003298301)**

Marc Allen Brooks (CRD #5225762, Registered Representative, Charlotte, North Carolina) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Brooks consented to the described sanction and to the entry of findings that he made numerous unauthorized withdrawals, totaling \$13,000, from a public customer's account and misappropriated the funds. **(FINRA Case #2007009388301)**

Fredrick N. Brown (CRD #1605920, Registered Representative, Arlington, Tennessee) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Brown consented to the described sanction and to the entry of findings that he engaged in private securities transactions without prior written notice to, and approval from, his member firm. The findings stated that Brown knowingly or recklessly made material misrepresentations to public customers in connection with a real estate entity/fund. The findings also stated that Brown failed to respond to FINRA requests for information. **(FINRA Case #2006006508901)**

Paul Brian Bulgajewski (CRD #4171069, Registered Representative, Chicago, Illinois) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Bulgajewski engaged in a check kiting scheme by drawing checks totaling \$1,150 from a bank account which exceeded the funds available and depositing them into his personal account maintained at the bank affiliate of his member firm, which created inflated balances of uncollected funds and allowed other checks to clear when he knew, or should have known, that there were insufficient funds in his personal account at the bank to cover the checks. The findings stated that Bulgajewski failed to respond to FINRA requests for information. **(FINRA Case #2006006436101)**

Steven Paul Cariati (CRD #1519724, Registered Principal, Slingsland, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Cariati consented to the described sanctions and to the entry of findings that he engaged in an outside business activity, for compensation, outside the scope of his employment with a member firm and without prompt written notice to his member firm.

The suspension in any capacity was in effect from April 7, 2008, through April 18, 2008. **(FINRA Case #2008012269901)**

Joanna King Cheung (CRD #3058119, Registered Representative, Foster City, California) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Cheung received premium refund checks and a title insurance refund check totaling \$610.35, and instead of forwarding the checks to the insurance customers, she deposited them into an account she maintained for the benefit of her member firm's affiliate and then applied the funds to the payment of her personal expenses. The findings stated that Cheung failed to appear for a FINRA on-the-record interview. **(FINRA Case #20070082842-01)**

Patrick Leroy Covin (CRD #4322065, Registered Representative, Canyon, Texas) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Covin consented to the described sanction and to the entry of findings that he received \$25,085.61 from public customers for insurance premium payments, but failed to deposit the funds into the required bank account, and converted \$4,550.82 in cash payments to his own use and benefit. **(FINRA Case #2007008945401)**

Bryan Lee Croger (CRD #2829939, Registered Representative, Noblesville, Indiana) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Croger converted \$18,398.29 from public customers' bank accounts to his own use and benefit without the customers' knowledge or consent. The findings stated that to conceal his withdrawal from one customer's bank account, Croger executed a sale in the customer's securities account without any written or oral authorization to exercise discretion so that the proceeds would automatically be transferred to the customer's checking account. The findings also stated that Croger failed to respond to FINRA requests for information. **(FINRA Case #2006006397601)**

Michael Englese Jr. (CRD #3221850, Registered Representative, Ozone Park, New York) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Englese executed purchases of a penny stock in public customers' accounts and failed to provide the customers with the required disclosure document, disclosure of the current bid and offer quotations, and disclosure of the compensation he and the firm were to receive for executing the transactions. The findings stated that Englese failed to respond to FINRA requests for information. **(FINRA Case #2005002464701)**

Victor Gregory Grieco (CRD #2632509, Registered Representative, Wellington, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 10 business days. The fine must be paid either immediately upon Grieco's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Grieco consented to the described sanctions and to the entry of findings that he engaged in outside business activities without prompt written notice to his member firm. The findings stated that Grieco referred public customers to an independent insurance broker to purchase life insurance and received \$18,000 in commissions from the sale of the policies.

The suspension in any capacity was in effect from April 7, 2008, through April 18, 2008. **(FINRA Case #2007008267701)**

Bernard Benedict Gross (CRD #2559063, Registered Representative, Lawrence, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$10,000 and suspended from association with any FINRA member in any capacity for two years. The fine is due and payable either immediately upon Gross' reassociation with a FINRA member firm following the suspension, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier. Without admitting or denying the findings,

Gross consented to the described sanctions and to the entry of findings that he opened and/or had control over securities accounts at brokerage firms and failed to inform his member firm that he had opened the accounts, and failed to inform the brokerage firms where he had the accounts that he was associated with a FINRA member firm. The findings stated that in connection with these accounts, Gross made intentional misrepresentations on the account opening documents as well as on subsequent forms concerning his employer's identity, his affiliation with a securities firm and his occupation, in order to avoid detection.

The suspension in any capacity is in effect from April 7, 2008, through April 6, 2010. (FINRA Case #2006005125301)

Juan Carlos Hernandez (CRD #2789264, Registered Representative, Guaynabo, Puerto, Rico) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Hernandez consented to the described sanction and to the entry of findings that he engaged in a pattern of charging commissions on equity trades substantially in excess of his member firm's standard commission rate that began at the start of, and continued throughout, his employment with the firm. The findings stated that Hernandez manipulated the firm's order entry system so as to enable him to charge the commissions in question. The findings stated that Hernandez had an express agreement with a public customer to charge a lower commission rate, but he fraudulently violated the agreement. The findings also stated that Hernandez failed to report complaint letters from the customer as reportable complaints to his member firm, causing his firm to violate NASD Rule 3070(c). (FINRA Case #2007009435601)

Brenda Lois Hobson (CRD #4115641, Associated Person, College Station, Texas) submitted a Letter of Acceptance, Waiver and Consent in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Hobson consented to the described sanction and to the entry of findings that she made unauthorized withdrawals totaling \$5,485 from a public customer's account without the customer's knowledge, authorization or consent. The findings stated that Hobson signed wire transfer documents in the customer's name, and wired the funds into her own bank account. The findings also stated that Hobson attempted to conceal the withdrawals by transferring funds totaling \$5,548.91 from a second account the customer held to the account where the initial withdrawals were made, without the customer's knowledge, authorization or consent, thereby converting the customer's funds to her own use and benefit. (FINRA Case #2007009464001)

Carl Frazier Hyde Jr. (CRD #1269632, Registered Representative, Prospect, Kentucky) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Hyde consented to the described sanction and to the entry of findings that he accepted a signed blank check from a public customer to purchase a variable annuity and, instead, made the check payable to a family member for personal use. The findings stated that Hyde failed to respond to FINRA requests for an on-the-record interview. (FINRA Case #2007009444001)

Leonard Demont Jackson Jr. (CRD #4821901, Registered Representative, Wichita, Kansas) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Jackson consented to the described sanction and to the entry of findings that he submitted a term conversion form for a public customer to an insurance company without the customer's authorization and forged the customer's signature on the form. The findings stated that Jackson submitted the form to the insurance company to collect \$2,646 in commissions. **(FINRA Case #20070088887-01)**

Cheryl Diane Jimerson (CRD #1379935, Registered Representative, Sayville, New York) was barred from association with any FINRA member in any capacity and ordered to pay \$34,229 in restitution to public customers. The sanctions were based on findings that Jimerson effected securities transactions in public customers' accounts without the customers' prior knowledge, authorization or consent. The findings stated that Jimerson engaged in a pattern of unsuitable excessive and short-term trading in a customer's individual retirement account (IRA) in light of the customer's objectives, financial situation and needs. The findings also stated that Jimerson failed to appear for FINRA on-the-record interviews. **(FINRA Case #E102004089201)**

John Walter Keller (CRD #873009, Registered Representative, Menlo Park, California) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Keller consented to the described sanction and to the entry of findings that he submitted account-related documents to his member firm on which he signed public customers' names without their authorization. The findings stated that Keller did not make a notation on the documents that he signed on the customers' behalf and did not notify his firm that he was signing the documents for the customers. The findings also stated that Keller did not have discretionary authority, letters of authorization or powers of attorney over any of the customers and signed the customers' names knowing that it was against security industry rules. The findings also included that Keller failed to respond to FINRA and NYSE requests to provide on-the-record testimony. **(FINRA Case #2007009429901)**

Gary Gerard Kelly (CRD #1604064, Registered Representative, Milton, Massachusetts) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member firm in any capacity for six months. The fine is due and payable either immediately upon Kelly's reassociation with a FINRA member firm following the suspension, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier. Without admitting or denying the findings, Kelly consented to the described sanctions and to the entry of findings that he failed to disclose material facts on his member firm's annual update questionnaire and his Form U4.

The suspension in any capacity is in effect from April 7, 2008, through October 6, 2008. **(FINRA Case #2007009425001)**

Daniel Elmer Koffman (CRD #2691737, Registered Principal, Charlevoix, Michigan) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Koffman consented to the described sanctions and to the entry of findings that he effected securities transactions on a discretionary basis in a public customer's account without the customer's prior written authorization to exercise discretion and his member firm's prior written acceptance of the account as discretionary.

The suspension in any capacity was in effect from April 7, 2008, through April 18, 2008. (FINRA Case #2005002232303)

Kevin Troy Litterell (CRD #1859910, Registered Representative, Wenatchee, Washington) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Litterell failed to respond to FINRA requests for information. The findings stated that Litterell failed to timely amend his Form U4 with material information. (FINRA Case #2006007157201)

Darrin Michael Marion (CRD #3262749, Registered Representative, Indianapolis, Indiana) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Marion consented to the described sanction and to the entry of findings that he willfully failed to disclose a material fact on his Form U4. The findings stated that Marion failed to appear for a FINRA on-the-record interview. (FINRA Case #2007008359701)

Miguel Angel Molina (CRD #4187160, Registered Representative, Salt Lake City, Utah) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Molina consented to the described sanction and to the entry of findings that he received \$8,813 from public customers intended for payment of insurance premiums and either failed to forward the full payment amounts or did not forward any of the payments to the insurance company. The findings stated that Molina acted without the customers' knowledge or consent when he failed to apply the premium payments to the customers' insurance policies and, instead, withheld the money for his personal use and benefit. (FINRA Case #2007008922101)

John Edward Mulligan (CRD #1260708, Registered Supervisor, Sarasota, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for one month. The fine must be paid either immediately upon Mulligan's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Mulligan consented to the described sanctions and to the entry of findings that he "cut and pasted" a public customer's signature to a spousal IRA rollover form without the customer's knowledge or consent.

The suspension in any capacity was in effect from March 24, 2008, through April 23, 2008. (FINRA Case #2007008540901)

Charles Robert Murdough (CRD #2437321, Registered Representative, Buffalo, New York) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Murdough failed to respond to FINRA requests for information. The findings stated that Murdough borrowed \$25,000 from a public customer, contrary to his member firm's policy prohibiting registered representatives from borrowing money from customers unless they were family members. **(FINRA Case #2006005136901)**

Oscar Donald Overbey Jr. (CRD #2066217, Registered Representative, Evanston, Illinois) was barred from association with any FINRA member in any capacity and required to pay \$50,000, plus interest, in restitution to a public customer. The sanctions were based on findings that Overbey failed to respond to FINRA requests for information. The findings stated that Overbey borrowed \$50,000 from a public customer in violation of his member firm's policy that prohibited registered representatives from borrowing money from customers unless they were family members. **(FINRA Case #2006006292602)**

Robert John Parker (CRD #1070201, Registered Representative, Mullica Hill, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Parker consented to the described sanction and to the entry of findings that he received checks totaling \$35,100 from public customers for investment purposes, negotiated the checks and converted the proceeds for his own use and benefit. The findings stated that Parker failed to respond to FINRA requests for information. **(FINRA Case #2007008486601)**

Terrance Reid Pipenhagen (CRD #716645, Registered Principal, Orlando, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Pipenhagen consented to the described sanction and to the entry of findings that he solicited individuals to invest \$475,000 in commodities trading accounts he maintained and controlled. The findings stated that Pipenhagen lost all of the investors' funds and sent false account statements to the investors in order to conceal their losses and to prevent them from pulling out their investments before he had a chance to recover their losses. The findings also stated that Pipenhagen engaged in private securities transactions without prior written notice to his member firm. **(FINRA Case #2006006849601)**

Francie Bea Rachal (CRD #2039587, Registered Principal, Murphy, Texas) submitted a Letter of Acceptance, Waiver and Consent in which she was fined \$5,000 and suspended from association with any FINRA member in any principal capacity for 10 business days. Without admitting or denying the findings, Rachal consented to the described sanctions and to the entry of findings that she failed to reasonably supervise a registered representative who engaged in unauthorized transactions and sold securities in states in which he was not licensed.

The suspension in any principal capacity was in effect from April 21, 2008, through May 2, 2008. **(FINRA Case #2005002154902)**

Jeffrey Scott Ramson (CRD #1574903, Registered Principal, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 60 days. The fine must be paid either immediately upon Ramson's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Ramson consented to the described sanctions and to the entry of findings that, in his capacity as his member firm's Chief Executive Officer (CEO), he approved a retroactive application of a higher commission rate to transactions that had been previously confirmed in writing to a public customer, thereby increasing the commissions charged from \$12,500 to \$480,000.

The suspension in any capacity is in effect from April 7, 2008, through June 5, 2008.
(FINRA Case #2005003607001)

Wayne Allen Ritenour Jr. (CRD #3206373, Registered Principal, Niceville, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Ritenour consented to the described sanction and to the entry of findings that he engaged in a private securities transaction without prior written notice to, and approval from, his member firm. The findings stated that Ritenour failed to appear for a FINRA on-the-record interview. (FINRA Case #2006006476901)

Robert James Roesch Jr. (CRD #4233031, Registered Representative, Red Bank, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for three months. The fine must be paid either immediately upon Roesch's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Roesch consented to the described sanctions and to the entry of findings that he wrote checks totaling \$2,200 payable to himself against a personal bank account that had been closed, knowing that the checks would be dishonored, but he cashed them anyway. The findings stated that Roesch subsequently deposited sufficient funds to cover the checks.

The suspension in any capacity is in effect from April 21, 2008, through July 20, 2008.
(FINRA Case #2007009042401)

Philip Paul Rusnak (CRD #1030407, Registered Representative, Columbia, South Carolina) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 30 days. Without admitting or denying the findings, Rusnak consented to the described sanctions and to the entry of findings that he engaged in an outside business activity, for compensation, without prompt written notice to his member firm.

The suspension in any capacity is in effect from April 21, 2008, through May 20, 2008.
(FINRA Case #2006006744601)

Dale Eugene Shields II (CRD #5101892, Associated Person, Middletown, Ohio)

submitted an Offer of Settlement in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 30 business days. Without admitting or denying the allegations, Shields consented to the described sanctions and to the entry of findings that he failed to disclose a material fact on his Form U4.

The suspension in any capacity is in effect from April 21, 2008, through June 2, 2008. (FINRA Case #2006005506601)

Jeffrey Steve Stephan (CRD #862599, Associated Person, Valparaiso, Indiana)

submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for one year. The fine must be paid either immediately upon Stephan's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Stephan consented to the described sanctions and to the entry of findings that he willfully failed to disclose material information on his Form U4.

The suspension in any capacity is in effect from April 21, 2008, through April 20, 2009. (FINRA Case #2007008535601)

Robert Martin Sweeney III (CRD #3198872, Registered Representative, Archbald, Pennsylvania) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for three months. The fine must be paid either immediately upon Sweeney's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Sweeney consented to the described sanctions and to the entry of findings that he signed a customer's name on a tax certification form related to a life insurance policy without the customer's authorization or consent.

The suspension in any capacity is in effect from March 17, 2008, through June 16, 2008. (FINRA Case #2007008997101)

Ike Joseph Talbot (CRD #1695719, Registered Representative, Lake Jackson, Texas) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Talbot consented to the described sanction and to the entry of findings that he borrowed \$87,500 from public customers in violation of his member firm's written supervisory procedures that prohibited borrowing from customers under any circumstances. (FINRA Case #2006006856601)

Scott Howard Weissman (CRD #2664118, Registered Representative, Miami, Florida) was barred from association with any FINRA member in any capacity and ordered to pay \$16,000, plus interest, in restitution to a public customer. The sanctions were based on findings that Weissman transferred \$30,000 from a customer's securities account to the bank account of a movie production company for which he was the president,

thereby converting the funds to his own use and benefit. The findings stated that Weissman executed a transaction in customers' joint account without the customers' knowledge or consent. The findings also stated that Weissman offered and sold securities that were not exempt from registration and for which no registration statement was in effect, in violation of Section 5 of the Securities Act of 1933. **(FINRA Case #2005001067201)**

Luke St. James Youngblood (CRD #5246072, Associated Person, Milford Connecticut) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$4,000 and suspended from association with any FINRA member in any capacity for five months. The fine is must be paid either immediately upon Youngblood's reassociation with a FINRA member firm following his suspension, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier. Without admitting or denying the findings, Youngblood consented to the described sanctions and to the entry of findings that he failed to disclose material facts on an application for employment submitted to a member firm.

The suspension in any capacity is in effect from April 7, 2008, through September 6, 2008. **(FINRA Case #20070094721)**

Decisions Issued

The Office of Hearing Officers (OHO) issued the following decisions, which have been appealed to or called for review by the NAC as of March 31, 2008. The NAC may increase, decrease, modify or reverse the findings and sanctions imposed the decisions. Initial decisions whose time for appeal has not yet expired will be reported in the next *Regulatory Notices*.

Lisa Ann Tomiko Nouchi (CRD #2367719, Registered Representative, Fairfield, California) was fined \$10,000 and suspended from association with any FINRA member in any capacity for 90 days. The sanctions were based on findings that Nouchi made entries on her member firm's electronic mutual fund order entry system that falsely represented certain public customers selling Class B mutual fund shares as disabled when, in reality, they were not disabled. The findings stated that Nouchi improperly obtained contingent deferred sales charge (CDSC) waivers for mutual fund redemption transactions effected for these customers to which they were not entitled. The findings also stated that Nouchi caused her member firm's books and records to contain false and misleading information regarding the customers' disability status and their entitlement to CDSC waivers.

This decision has been appealed to the NAC, and the sanctions are not in effect pending consideration of the appeal. **(FINRA Case #E102004083705)**

Marc Winters (CRD #4053113, Registered Representative, Chatsworth, California) was fined \$30,000 and suspended from association with any FINRA member in any capacity for 30 business days. The sanctions were based on findings that Winters made entries on his member firm's electronic mutual fund order entry system that falsely represented certain public customers selling Class B mutual fund shares as disabled

when, in reality, they were not disabled. The findings stated that Winters caused his member firm's books and records to contain false and misleading information regarding the customers' disability status and their entitlement to CDSC waivers.

This decision has been called for review by the NAC, and the sanctions are not in effect pending consideration of the review. (FINRA Case #E102004083704)

Complaints Filed

FINRA issued the following complaints. Issuance of a disciplinary complaint represents FINRA's initiation of a formal proceeding in which findings as to the allegations in the complaint have not been made and does not represent a decision as to any of the allegations contained in the complaint. Because this complaint is unadjudicated, you may wish to contact the respondent before drawing any conclusions regarding these allegations in the complaint.

Holly Ann Gunnette (CRD #3066284, Registered Representative, Riverside, California) was named as a respondent in a FINRA complaint alleging that she caused her personal residence to be reflected as the address of record for investment accounts of a public customer at her member firm, and established an account for the customer at another member firm, using her personal residence address as the account's address of record. The complaint alleges that Gunnette received checks totaling \$925,513.28 drawn on the accounts, deposited the checks into bank accounts she owned or controlled, and used the proceeds for her own benefit and not for the customer's, thereby converting the funds to her own use and benefit. The complaint also alleges that Gunnette caused her member firm's and the other firm's records to be falsified by using her personal address for the customer's address. (FINRA Case #2006004943101)

Jose Daniel Iriarte Jr. (CRD #4146368, Registered Representative, Severn, Maryland) was named as a respondent in a FINRA complaint alleging that he converted a public customer's funds intended for investment to repay a second customer, from whom he had earlier borrowed funds, without the first customer's permission or authority. The complaint alleges that Iriarte, in contravention of his member firm's written procedures prohibiting registered representatives from borrowing money from customers unless the customer is a family member, failed to receive his firm's approval to borrow money from the customer. The complaint also alleges that Iriarte failed to respond to FINRA requests for information. (FINRA Case #2007010369701)

Regina Kay Locke (CRD #2324166, Registered Representative, Houston, Texas) was named as a respondent in a FINRA complaint alleging that she wrongfully converted funds totaling \$40,000 from a public customer's account by altering and submitting IRA distribution documents to her member firm, resulting in the distribution of funds from the customer's IRA account to Locke or to a third party for Locke's personal use and benefit. The complaint alleges that Locke caused her member firm's books and records to be inaccurate by submitting, or causing the submission of, altered and falsified IRA Distribution Request Forms and Addenda to her member firm. (FINRA Case #2007009424701)

Robert Alan Uhr (CRD #4563861, Registered Representative, Boca Raton, Florida) was named as a respondent in a FINRA complaint alleging that he exercised control over a customer's IRA, made excessive and unsuitable trades in that account in a manner inconsistent with the customer's objectives, risk tolerance and financial situation, and acted with the intent to defraud or with reckless disregard for the customer's interests and for the purpose of generating commissions. The complaint alleges that in connection with the purchase or sale of securities, Uhr, directly or indirectly, by the use of the means or instrumentalities of interstate commerce, or of the mails, or of any facility of any national securities exchange, knowingly or recklessly employed devices, schemes or artifices to defraud; made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; engaged in acts, practices or courses of business that operated, or would operate, as a fraud, deceit upon any person; or effected transactions in, or induced the purchase or sale of, any security by means of manipulative, deceptive or other fraudulent device or contrivance. The complaint also alleges that Uhr's churning and unsuitable trading activity generated \$16,574 in commissions. **(FINRA Case #2006006965701)**

Firms Suspended for Failure to Supply Financial Information

(The date the suspension began is listed after the entry. If the suspension has been lifted, the date follows the suspension date.)

Centreinvest, Inc.
New York, New York
(March 6, 2008)

Docent Financial Services Corp.
Natick, Massachusetts
(October 8, 2007 – February 29, 2008)

Harvest Capital Investments LLC
Vienna, Virginia
(March 6, 2008)

Firms Suspended Pursuant to NASD Rule 9553 for Failure to Pay Annual Assessment Fees

(The date the suspension began is listed after the entry. If the suspension has been lifted, the date follows the suspension date.)

Fifth Street Capital, LLC
Austin, Texas
(March 26, 2008 – April 2, 2008)

Harvest Capital Investments LLC
Vienna, Virginia
(March 26, 2008)

Individuals Revoked for Failing to Pay Fines and/or Costs Pursuant to NASD Rule 8320

Anthony Cipriano
West Islip, New York
(March 5, 2008)

Timothy Patrick Shively
San Antonio, Texas
(March 3, 2008)

Individuals Barred Pursuant to NASD Rule 9552(h)

(If the bar has been vacated, the date follows the bar date.)

Kendall George Sohaski
Fort Wayne, Indiana
(March 11, 2008)

Nwaka Ogwuru Ugokwe
Smyrna, Georgia
(March 24, 2008)

Individuals Suspended Pursuant to NASD Rule 9552(d)

(The date the suspension began is listed after the entry. If the suspension has been lifted, the date follows the suspension date.)

Anthony E. DeVito
Wellington, Ohio
(March 21, 2008)

Robert Rush Reynolds
Fairhope, Alabama
(March 3, 2008)

Individuals Suspended Pursuant to NASD Rule Series 9554 for Failure to Comply with an Arbitration Award or Settlement Agreement

(The date the suspension began is listed after the entry. If the suspension has been lifted, the date follows the suspension date.)

Lynda Ann Findlay
Cordova, Tennessee
(March 10, 2008)

Michael Edward Hampton
St. Louis, Missouri
(March 10, 2008)

James Edward Hynes
Nesconset, New York
(March 24, 2008)

Abed Mansoor
Manhasset, New York
(March 10, 2008)

Peter Michael Muer
West Palm Beach, Florida
(March 19, 2008)

Craig Steven Redding
Port St. Lucie, Florida
(March 24, 2008 – March 28, 2008)

James David Rossi
Staten Island, New York
(March 24, 2008)

Stephen Jefferson Sumner
Ormond Beach, Florida
(November 28, 2007 – March 28, 2008)

FINRA Fines, Suspends 16 State Farm Representatives for Test-Taking Irregularities in the Firm's Continuing Education Program

Supervisors Directed or Allowed Registered Representatives of State Farm VP Management Corp. to Take "Firm Element" Proficiency Tests for Supervisors or Other Representatives

The Financial Industry Regulatory Authority (FINRA) announced has fined and suspended 16 current and former registered representatives of State Farm VP Management Corp. of Bloomington, IL, for misconduct involving FINRA's Continuing Education requirements for registered representatives.

The individual representatives received fines ranging from \$5,000 to \$10,000 and suspensions ranging from 30 days to six months. One representative also was barred as a principal. State Farm VP Management Corp. is engaged in the business of selling mutual funds and variable products.

Nine of the sanctioned representatives were supervisors who directed or allowed subordinates to take State Farm's "Firm Element" proficiency test for them. One was a supervisor who directed a subordinate to take the test for other registered representatives. Six of the sanctioned representatives completed the Firm Element test for their superiors.

The representatives engaged in this misconduct without any authorization from State Farm. State Farm reported the misconduct to FINRA after uncovering test-taking irregularities in one of its regions and conducting a preliminary investigation. State Farm then expanded its internal investigation nationwide and provided FINRA with its findings.

"The Continuing Education requirement leads to better trained and informed securities industry professionals and promotes investor protection," said Susan L. Merrill, FINRA Executive Vice President and Chief of Enforcement. "In this case, while the failures by the firm's brokers to complete the requirements are disappointing enough, it is especially troubling that supervisors directed subordinates to help them avoid this important requirement."

Since 1995, FINRA, in conjunction with other self-regulatory organizations and the Securities Industry/Regulatory Council on Continuing Education, has administered a two-part mandatory Continuing Education Program. The Continuing Education requirements consist of a Regulatory Element and a Firm Element. The Regulatory Element requires all registered persons to take computer-based training, devoted to industry rules and regulations, on the second anniversary of their initial securities registration and every three years thereafter. The Firm Element requires firms to administer appropriate training to their registered persons who have direct contact with customers, and to the registered persons' immediate supervisors, on an ongoing basis. The training must cover topics specifically related to their business, such as new products, sales practices, risk disclosure, and new regulatory requirements and concerns.

The 2005 Firm Element designed by State Farm was an internal, computer-based system. Covered representatives were required to complete a two-hour training session and then pass a proficiency test with a minimum score of 80%. In order to access the Firm Element training session and proficiency test, the participant was required to sign on to the system using a user ID and password. The subordinate representatives who took the test for their superiors signed on as the superiors for whom they were taking the test, using the superiors' user IDs and passwords.

One sanctioned representative, a former registered principal of the firm, Rebecca Sappington, was fined \$10,000, barred as a principal and suspended for six months in all capacities. FINRA found that Sappington directed a subordinate to obtain the user IDs and passwords of at least four State Farm registered representatives working in her area, and complete the Firm Element program for these representatives by taking their proficiency tests. When Sappington learned that her directive had not been carried out, she instructed her subordinate to delegate the task to another person, who was an unregistered and newly hired employee of State Farm. This unregistered person then obtained the user IDs and passwords for at least four representatives, logged onto the system and completed the Firm Element program for the representatives by taking their proficiency tests.

In concluding these settlements, the registered representatives neither admitted nor denied the charges, but consented to the entry of FINRA's findings. The individuals agreed to the following sanctions:

Series 26 Principals who directed a subordinate to take their proficiency tests:

- **Todd Rindfuss** received a \$10,000 fine, a six-month suspension as a principal and a 90-day suspension in all capacities. Rindfuss' suspension in a principal capacity is in effect from March 17, 2008, through September 16, 2008. His suspension in any capacity is in effect from March 17, 2008, through June 14, 2008
- **Michael Stansbury** received a \$10,000 fine, a six-month suspension as a principal and a 90-day suspension in all capacities. Stansbury's suspension in a principal capacity is in effect from March 17, 2008, through September 16, 2008. His suspension in any capacity is in effect from March 17, 2008, through June 14, 2008.

Series 26 Principal who directed subordinates to take the test for others:

- **Rebecca Sappington** received a \$10,000 fine, a bar as a principal and a six-month suspension in all capacities, which is in effect from January 7, 2008, through July 6, 2008.

Series 6 Representatives who directed or allowed a subordinate to take their proficiency tests:

- **Jeffery Coleman** received a \$5,000 fine and a 60-day suspension, which is in effect from April 7, 2008, through June 5, 2008.
- **Walter Culbreth** received a \$5,000 fine and a 60-day suspension, which is in effect from April 7, 2008, through June 5, 2008.
- **Beverly Lochard** received a \$5,000 fine and a 60-day suspension, which is in effect from April 7, 2008, through June 5, 2008.
- **William Nickum** received a \$5,000 fine and a 60-day suspension, which is in effect from April 7, 2008, through June 5, 2008.
- **Robert Olive** received a \$5,000 fine and a 60-day suspension, which is in effect from March 17, 2008, through May 15, 2008.
- **Valerie Tichy-Drummer** received a \$5,000 fine and a 60-day suspension, which is in effect from March 17, 2008, through May 15, 2008.
- **Karen Curtis** received a \$5,000 fine and a 60 day suspension, which was in effect from November 19, 2007, through January 17, 2008.

Series 6 Representatives who completed the proficiency tests for their superiors:

- **Kenneth Capell** received a \$5,000 fine and a 30-day suspension, which was in effect from March 17, 2008, through April 15, 2008.
- **Mayka Hardy** received a \$5,000 fine and a 30-day suspension, which was in effect from March 17, 2008, through April 15, 2008.
- **Teresa King** received a \$5,000 fine and a 30-day suspension, which was in effect from March 17, 2008, through April 15, 2008.
- **Lori Love** received a \$5,000 fine and a 30-day suspension, which was in effect from March 17, 2008, through April 15, 2008.
- **Heather Montagne** received a \$5,000 fine and a 30-day suspension, which was in effect from March 17, 2008, through April 15, 2008.
- **John Reich** received a \$5,000 fine and a 30-day suspension, which was in effect from March 17, 2008, through April 15, 2008.

FINRA Hearing Panel Fines, Suspends Investprivate's Chairman and CEO for Failure to Disclose Tax Liens, Customer Complaints

A Financial Industry Regulatory Authority (FINRA) Hearing Panel issued a decision that imposed a 90-day suspension, a concurrent 10-day suspension, and a \$12,500 fine against Scott Mathis, Chairman and CEO of New York's Investprivate, Inc. (now known as DPEC Capital, Inc.), for failing to disclose tax liens and two customer complaints on his Form U4s. Mathis and Investprivate were originally charged by FINRA with securities fraud, but those charges were later withdrawn.

The hearing panel decision addressed the last outstanding charges brought by NASD (FINRA's predecessor) in 2004 against Mathis. FINRA's Enforcement Department previously settled several other charges from that 2004 action against Investprivate; Mathis; Donald Geraghty, the firm's Director of Compliance; and Ronald Robbins, Executive Vice President of Investprivate's parent company, Diversified Biotech Holdings Corporation.

The 2004 complaint charged Investprivate and Mathis with securities fraud and other violations in connection with two securities self-offerings that raised approximately \$17.6 million for the firm and its parent between June 2000 and February 2003. Geraghty was charged with supervisory and other violations, while Robbins was charged with participating in the management of Investprivate without being registered with NASD in any capacity.

FINRA's Enforcement Department later withdrew the fraud charges against Investprivate and Mathis. In May 2007, it reached a partial settlement with Mathis and full settlements with the firm, Geraghty and Robbins. At that time, the disclosure violation charges against Mathis were severed from the original complaint for consideration by a hearing panel.

Investprivate was censured and fined \$205,000, of which \$67,500 was imposed jointly and severally with Mathis; another \$40,000 was imposed jointly and severally with Mathis and Geraghty; and \$15,000 was imposed jointly and severally with Geraghty. The firm was suspended for 60 days from seeking or accepting new engagements to conduct or participate in the offer or sale of unregistered securities through any private offering, private placement or private investment in public equity (PIPE) transaction. The firm was also required to retain an independent consultant to conduct a comprehensive review of the adequacy of the firm's policies, systems, procedures and training relating to the offer or sale of unregistered securities.

In addition, Mathis and Geraghty were suspended from association with any registered firm in any principal capacity for 30 days. Robbins was fined \$10,000 and suspended from associating with a registered firm in any capacity for 10 business days.

Without admitting or denying the charges, the firm and individuals consented to the entry of NASD's findings, which included: that the firm, through Mathis, negligently made untrue statements or omitted material facts from private placement memoranda distributed to investors or potential investors; that the firm, acting through Mathis, offered and sold securities without registration statements filed with the Securities and Exchange Commission; that the firm, acting through Geraghty, failed to report, or to timely report, customer complaints and settlements of customer complaints to NASD; that the firm, acting through Robbins, Mathis and Geraghty, permitted Robbins to engage in activity requiring registration as a general securities principal and a general securities representative without obtaining the required registrations; and, that the firm, acting through Geraghty failed to implement and enforce an effective supervisory system that would have enabled the firm to comply with federal securities laws and NASD rules.

The FINRA hearing panel issued its ruling on the remaining charges against Mathis—for failure to disclose tax liens and customer complaints on his Form U4—in December 2007. The Hearing Panel found that the failure to disclose tax liens was willful and material, subjecting Mathis to a statutorily disqualification from association with any FINRA member. Mathis has appealed the hearing panel decision to FINRA's National Adjudicatory Council.